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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 09/02/09

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Prime Minister's schedule, September 1

September 2, 2009

08:05 Cabinet talks and special cabinet meeting on disaster preparedness drill at the Cabinet Crisis Management Center.
08:30 Press conference at the Kantei. Then emergency disaster countermeasures headquarters meeting.
09:04 Cabinet meeting. Then issued an order to assign additional duties to State Minister for Consumer Affairs Noda.
10:41 Left the Kantei by GSDF helicopter.
10:57 Arrived at Higashi-Ogijima Higashi Park in Kawasaki City. Observed disaster prevention drill jointly carried out by eight prefectures.
12:08 Left the park by GSDF helicopter.
12:23 Arrived at the Kantei.
14:33
14:33 First Consumer Affairs Committee meeting held at Sanno Park Tower Building in Nagata-cho.
14:47 Arrived at the Kantei.

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16:08 Met with Special Assistant to the LDP president Shimamura. Chief Cabinet Secretary Kawamura joined. Kawamura stayed behind.
18:45 Dined with his family at "Sukiyabashi Jiro," a sushi restaurant in Ginza.
19:37 Arrived at the official residence.

4) Poll: 74 PERCENT pin hopes on new government

ASAHI (Page 1) (Full)
September 2, 2009

Following up the outcome of the recent general election for the House of Representatives, the Asahi Shimbun conducted a telephone-based spot nationwide public opinion survey yesterday. In the spot poll, respondents were asked if they had high expectations for the new government to be led by the Democratic Party of Japan. In response to this question, 74 PERCENT answered "yes," with 17 PERCENT saying "no." Respondents were also asked if they thought the DPJ government could substantially change Japan's politics. To this question, 32 PERCENT replied "yes," with 46 PERCENT saying "no."

Respondents were further asked if they were happy with the change of government resulting from the election. To this question, 69 PERCENT answered "yes," with 10 PERCENT saying "no." Even among those who answered that they voted for the Liberal Democratic Party in their proportional representation blocs, 46 PERCENT answered "yes" to that question.

The DPJ won an overwhelming victory with more than 300 seats. Asked if they were pleased with this outcome, a total of 54 PERCENT answered "yes," with 25 PERCENT saying "no." As seen from these figures, public opinion was less positive about the DPJ's overwhelming victory than about the change of government.

Meanwhile, respondents were asked why they thought the DPJ won such an overwhelming victory. Asked if it was primarily because the public desired to see a change of government, a total of 81 PERCENT answered "yes." Only 38 PERCENT answered "yes" when asked if they thought that was primarily because the DPJ's policies were supported.

Even among those having high expectations for the new government, 37 PERCENT said the DPJ government would not be able to change Japan's politics substantially. Even among those who voted for the DPJ in the election, 31 PERCENT had the same opinion.

On the whole, the public welcomes the change of government. However, there are also many who have doubts about the DPJ's policies and capacity.

Respondents were asked if they had high expectations for DPJ President Hatoyama, who is now certain to become prime minister. To this question, 63 PERCENT answered "yes," with 29 PERCENT saying "no."

The LDP will now become an opposition party. When respondents were asked if they wanted the LDP to recover as a political party standing up to the DPJ, 76 PERCENT answered "yes," with 17 PERCENT saying "no."

In the breakdown of public support for political parties, the DPJ

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scored 39 PERCENT , topping its previous all-time high of 34 PERCENT posted in a survey conducted right after the election for the House of Councillors in 2007. Public support for the LDP was at 22 PERCENT .

5) Poll: 71 PERCENT have high "expectations" of Hatoyama as premier

SANKEI (Page 5) (Abridged)
September 2, 2009

Kyodo News yesterday conducted a telephone-based spot nationwide public opinion survey, in which 71.1 PERCENT of respondents answered "yes" when they were asked if they had high expectations for Democratic Party of Japan (DPJ) President Yukio Hatoyama, who will now become prime minister. The results of polls conducted in the past and this time cannot be directly compared, but the figure posted this time around for Hatoyama is way above the Aso cabinet's 48.6 PERCENT support rating right after its inauguration. Meanwhile, "no" accounted for 20.2 PERCENT .

In the poll, respondents were also asked if they were happy with the change of government. In response to this question, 49.2 PERCENT answered "yes," with 42.3 PERCENT saying they "can't say either way." Respondents were further asked if they were happy with the Liberal Democratic Party's crushing defeat. To this question, 47.2 PERCENT answered that they "can't say either way," and 44.8 PERCENT saying "yes."

In the breakdown of public support for political parties, the DPJ stood at 41.1 PERCENT , the highest ever for the DPJ. The LDP was at 19.0 PERCENT , followed by the New Komeito party at 5.1 PERCENT , the Japanese Communist Party at 3.4 PERCENT , the Social Democratic Party at 2.1 PERCENT , the Your Party at 2.4 PERCENT , the People's New Party at 1.5 PERCENT , and the New Party Nippon at 0.1 PERCENT . "None" accounted for 22.9 PERCENT .

6) "Prime Minister Hatoyama" to be elected on September 16;
Coalition talks begin today

YOMIURI (Top play) (Full)
September 2, 2009

The Democratic Party of Japan (DPJ) reached an agreement with the Liberal Democratic Party (LDP) on September 1 to hold the special Diet session to elect the prime minister on September 16. The election of the prime minister will take place on September 16, and DPJ President Yukio Hatoyama is expected to be elected as the 93th prime minister of Japan. Meanwhile, Hatoyama met People's New Party (PNP) leader Shizuka Kamei in the Diet building on September 1, and the two agreed to begin talks for forming a coalition government together with the Social Democratic Party (SDP). The SDP is also expected to make an official decision to participate in the coalition talks at a national meeting of representatives on September 2. The three parties will begin coalition talks by their policy officers on September 2.

Hatoyama wants to launch the coalition cabinet with the SDP and the PNP promptly after being elected as the prime minister. He told reporters on September 1: "I will form the cabinet right after being elected as prime minister. It may take me one or two days," indicating that the new cabinet will be launched on September 16 or

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The special Diet session is expected to last for four days. When the Diet is convened, the election of the speaker and vice speaker of the House of Representatives will be held before the election of the prime minister. A DPJ member will be elected as speaker of the Lower House for the first time in history.

DPJ Policy Research Committee Chairman Masayuki Naoshima and the policy officers of the SDP and PNP will start discussions on forming a coalition government based on the "common policies" they agreed upon before the official campaign started for the recent Lower House election. They will exchange views on foreign and security policies, which were not included in the "common policies."

At an executive meeting on September 1, the SDP decided to demand from the DPJ the creation of a "ruling parties' liaison council" (tentative name) as a venue for prior consultations among the ruling parties on matters to be taken up at cabinet meetings.

However, Hatoyama said at his meeting with Kamei on September 1 that: "We will avoid dual policymaking by the government and the party as much as possible. I would like the decisions to be made by the government," indicating a negative view on setting up a prior consultation body of the ruling parties.

The LDP had wanted to hold the special Diet session on September 15, but a decision to convene the Diet on September 16 was made after a meeting between LDP Diet Affairs Committee Chairman Tadamori Oshima and his DPJ counterpart Kenji Yamaoka.

7) New testimony from former senior government official: Secret nuclear agreement still in force

TOKYO SHIMBUN (Page 3) (Abridged)
September 2, 2009

In connection with the question of the secret nuclear agreement between Japan and the U.S. which allows U.S. military vessels carrying nuclear weapons to pass through Japanese waters and call on Japanese ports, a former senior government official who was involved with crafting foreign policy at the Prime Minister's Official Residence (Kantei) admitted the existence of the secret accord on September 1. He further stated: "Inasmuch as Japan is protected by the 'nuclear umbrella,' it is quite natural that there is some arrangement (on allowing passage and port calls)." He further said that "(the secret accord) has not been killed (by Japan and the U.S.)," indicating his view that the "minutes of the secret discussions" document that the secret agreement is still in force, diplomatically speaking.

This former official spoke to Kyodo News on condition of anonymity.

8) Masuzoe will not run in LDP presidential race

YOMIURI (Page 2) (Full)
September 2, 2009

Health, Labor, and Welfare Minister Yoichi Masuzoe met yesterday evening with former Prime Minister Yoshiro Mori, a member of the Liberal Democratic Party (LDP), to inform him that he does not intend to run in the Sept. 28 LDP presidential election to choose a

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successor to Prime Minister Taro Aso (LDP president). The official campaign for the presidential race will kick off on Sept. 18. Masuzoe told Mori: "Although I have served as a member of the Abe, Fukuda, and Aso cabinets, I was unable to raise the public support rating for these cabinets. I keenly sense my responsibility for that. So, I cannot run for the presidency." Mori accepted this explanation. Due to Masuzoe's popularity, he was great in demand to give speeches supporting LDP candidates in Sunday's House of Representatives election. As a result, many LDP members had been calling on him to run in the party leadership race.

9) Foreign Ministry unable to proceed in arranging the new prime minister's visit to U.S.

Although it is expected that a Japan-U.S. summit between the new prime minister and U.S. President Barack Obama will be held during the prime minister's trip to the United States, the Ministry of Foreign Affairs has been unable to coordinate plans. Also regarding arrangements for a Japan-U.S. foreign ministerial between the new foreign ministry and Secretary of State Hillary Clinton, a senior MOFA official said: "Due to the U.S. side's reasons, there is not much time left at this point." In addition, if the new administration greatly increases the number of secretaries to the prime minister and Prime Minister's Official Residence (Kantei) staff, the selection of members accompanying the prime minister to the U.S. will become an issue.

10) Poll: 71 PERCENT pin hopes on Hatoyama as prime minister, 42 PERCENT reserve reply

TOKYO SHIMBUN (Page 1) (Full)
September 9, 2009

In a Kyodo nationwide poll, 71.1 PERCENT replied that they pin hopes on Democratic Party of Japan (DPJ) President Yukio Hatoyama as new prime minister. This figure is far larger than the support rate of 48.6 PERCENT immediately after Prime Minister Taro Aso launched his cabinet in September of last year, indicating high expectations for the new administration. Those who said they did not expect much of Hatoyama accounted for 20.2 PERCENT .

In the telephone survey conducted from Aug. 31 through Sept. 1, 49.2 PERCENT said they welcomed the change of government, while 42.3 PERCENT replied that they could not say either way. Regarding the Liberal Democratic Party's (LDP) historic defeat, 47.2 PERCENT of respondents said they could not say either way, while 44.8 PERCENT said it was good. This result reveals that many people, while having high expectations for Hatoyama, intend to examine the new administration's handling of state affairs in a cool-headed manner.

Concerning political parties' support rates, support for the DPJ skyrocketed to a record high of 41.1 PERCENT , exceeding 19.0 PERCENT for the LDP. The rate of the New Komeito stood at 5.1 PERCENT , followed by the Japanese Communist Party with 3.4 PERCENT ; the Social Democratic Party with 2.1 PERCENT ; the Your Party with 2.4 PERCENT ; the People's New Party with 1.5 PERCENT ; the New Party Japan with 0.1 PERCENT . Those who said they did not support any political party made up 22.9 PERCENT . The support rate for the Aso cabinet was 14.2 PERCENT , while non-support rate was 75.3

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PERCENT .

When asked about what tasks they want the Hatoyama cabinet to tackle on a priority basis (more than one answer acceptable), 40.2 PERCENT chose economic and job-market revitalization, followed by 39.7 PERCENT citing administrative and fiscal reforms such as eliminating wasteful spending of taxpayers' money; and 35.2 PERCENT calling for reforms of such social security systems such as the pension system.

Asked about what qualities they expect the new prime minister to demonstrate, 26.6 PERCENT picked explanation capability, followed by 24.9 PERCENT seeking common sense; 17.6 PERCENT choosing leadership; 13.3 PERCENT preferring sincerity and modesty; and 12.0 PERCENT for political ethics and cleanness.

Asked who would be desirable as the successor to outgoing Prime Minister Taro Aso (LDP president), Health, Labor and Welfare Minister Yoichi Masuzoe was picked by 29.1 PERCENT of respondents, followed by Deputy Secretary General Nobuteru Ishihara by 12.2 PERCENT .

11) DPJ to freeze over 1 trillion yen in budget funds in revising the fiscal 2009 extra budget

YOMIURI (Page 1) (Full)

September 2, 2009

The Democratic Party of Japan (DPJ) on September 1 decided to freeze more than 1 trillion yen out of 4.3 trillion yen earmarked for 46 funds incorporated in the fiscal 2009 extra budget. The aim is to put on hold projects that are expected to produce weak stimulus effects and funnel the squeezed funds to fund policies it included in its policy manifesto for the Lower House election, including child allowances and an income compensation system for farm households.

The process will likely result in the submission of a revised second fiscal 2009 extra budget to the fall Diet session, following cabinet ministers' ordering their ministries to suspend the projects subject to the freeze plan after the launch of the new administration.

Items subject to the freeze plan include emergency human resources development, the employment assistance fund costing roughly 700 billion yen, and the farmland-integration-promotion fund costing approximately 300 billion yen. The employment assistance fund aims to provide vocational training to those without employment insurance. The DPJ made an issue of the fact that the Japan Vocational Ability Development Association under the jurisdiction of the Ministry of Health, Labor and Welfare (MHLW), to which the work has been entrusted, is an organization that accepts retired MHLW officials.

The farmland-integration-promotion fund is designed to pay 15,000 yen per 10 ares to old farmers and small-scale farm households who are leasing land. The aim is to help enthusiastic farmers to have extensive farmland. However, the DPJ has determined that assisting landlords would have little effect, because there is a shortage of farmers who want to rent farmland.

12) Fuji Heavy Industries to ask Defense Ministry for 50 billion yen in compensation for cancellation of helicopter purchase plan

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ASAHI (Page 7) (Excerpts)
September 2, 2009

Fuji Heavy Industries Ltd. decided yesterday to submit to the Defense Ministry a letter calling for almost 50 million yen in compensation after the ministry canceled a plan to buy fighter helicopters from the company.

The ministry decided in 2001 to purchase 62 helicopters - the AH64D Apache Longbow. Fuji Heavy Industries and a parts manufacture affiliated with the company paid more than 40 billion yen to Boeing Co. in licensing and other fees. The companies were planning to recover the fees from the government by dividing the total amount of fees they paid by 62 and adding the calculated amount to each unit price. But the Defense Ministry canceled the plan after ordering 10 helicopters during a period between 2002 and 2007. As a result, the companies were unable to recover the fees. Reportedly, the ministry canceled the plan because of growing criticism of the high unit price of approximately 8 billion yen.

13) DPJ aims to submit package bill to create scheme for politically-led government

NIKKEI (Top Play) (Excerpts)
September 2, 2009

The Democratic Party of Japan (DPJ) has started coordination to submit a bill to create a scheme for politically-led government during an extraordinary Diet session likely to be convened in October. The party plans to lump all of its proposals to that end into a single bill. The proposals include those to establish a national strategy bureau tasked with drawing up basic policies on budgetary compilation and diplomacy and to install 100 or so legislators in government agencies. President Yukio Hatoyama will launch his government right after he is voted in as prime minister in a special Diet session and lay the groundwork for these measures to be implemented by existing ordinances or revising relevant laws.

The DPJ promised in its campaign manifesto to terminate the central government's dependence on bureaucrats. To that end, the party has judged it necessary to set up legally endorsed powerful organizations. The party intends to create mechanisms under the prime minister's instruction or ordinances until relevant laws are revised and prepare a full-scale scheme in the extraordinary Diet session.

The party plans to include in the envisioned bill a bill revising the Diet Law to create a system to have lawmakers serve as advisers to cabinet ministers and a bill revising the Cabinet Office Establishment Law to abolish the Council on Economic and Fiscal Policy. The package bill will also include bills to establish the national strategy bureau and an administrative reform council to root out wasteful spending. There is a possibility that legislation for national administrative organizations and a bill revising the National Public Service Law will also be included in the package bill.

14) Poll: 68 PERCENT happy with DPJ's landslide victory

YOMIURI (Page 1) (Abridged slightly)
September 2, 2009

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Sixty-eight percent of people said they are pleased with the results of Sunday's House of Representatives election, in which the Democratic Party of Japan (DPJ) achieved a landslide victory and the Liberal Democratic Party (LDP) suffered a crushing defeat, according to a Yomiuri Shimbun telephone-based survey conducted on Monday and Tuesday. The nationwide survey also revealed that 71 PERCENT of respondents have high expectations of the new government to be led by the DPJ. At the same time, the poll also found that only 54 PERCENT think the DPJ will be able to implement the policies outlined in its manifesto (campaign pledges), while 44 PERCENT said they think it will be impossible to do so, indicating that the public are viewing the new government with a mixture of hope and concern.

A sense of expectation was also reflected in support rates for political parties, with the figure for the DPJ reaching a record high of 46.6 PERCENT, a major increase from the 36 PERCENT market in the previous survey conducted on Aug. 25-27. The rate of support for the LDP marked 23.5 PERCENT, almost the same as the 23.4 PERCENT recorded in the previous survey.

Asked why the DPJ was able to make major gains in the general election, 46 PERCENT said it was due to "dissatisfaction with Prime Minister Taro Aso and the LDP," while 37 PERCENT cited expectations for a change of government. In addition, only 10 PERCENT gave positive assessments to the DPJ manifesto and 3 PERCENT expressed hopes for DPJ President Yukio Hatoyama.

Forty-eight percent said they are happy with the planned three-party coalition of the DPJ, the Social Democratic Party, and the People's New Party, while 39 PERCENT said they are not.

Further, 73 PERCENT said they are not convinced with Hatoyama's explanation that his secretary independently decided to record fictitious individual donations in the funds report prepared by Hatoyama's fund-management organization, while only 15 PERCENT said they are convinced with his explanation.

15) MSDF destroyer returns to its base

NIKKEI (Page 38) (Excerpts)
September 2, 2009

The Maritime Self-Defense Force's (MSDF) destroyer Akebono (4,550 tons), which was on the mission of refueling foreign vessels in the Indian Ocean under the new Antiterrorism Special Measures Law, returned to the MSDF Kure Base in Hiroshima Prefecture yesterday.

Democratic Party of Japan (DPJ) President Yukio Hatoyama has

announced a policy not to extend the refueling mission in the Indian Ocean after the law's expiration next January.

16) U.S. makes clear that it will not renegotiate Futenma plan in bid to warn of DPJ's stance toward U.S.

NIKKEI (Page 2) (Full)
September 2, 2009

There are already indications that the coordination of views between the Japanese and U.S. governments on the realignment of U.S. forces in Japan will encounter complications. The Democratic Party of Japan

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(DPJ) specified in its manifesto (campaign pledges) a review of the Japan-U.S. agreement on U.S. force realignment. The U.S. State Department, however, presented a policy of not responding to a call for a review. After becoming the new prime minister, DPJ President Yukio Hatoyama is scheduled to visit the United States to coincide with the UN General Assembly and other events and hold talks with President Barack Obama. If Hatoyama strongly requests a review, that might have an impact on Japan-U.S. relations.

The DPJ manifesto says that the party will "move in the direction of re-examining the realignment of U.S. military forces in Japan and the role of U.S. military bases in Japan." During the election campaign, Hatoyama emphasized the policy of giving priority to building relations of trust between Japan and the United States. Meanwhile, a DPJ executive described yesterday the U.S. indication not to review the matter a "pickoff." He also indicated that his party will continue seeking a review, saying: "Thinking changes when the administration changes. Talks must be held."

State Department Spokesman Ian Kelly said at a press conference that the United States has no intention of renegotiating the planned relocation of the U.S. Marine Corps' Futenma Air Station (in Ginowan, Okinawa Prefecture) and other matters with the Japanese government. Washington is expected to strongly set forth its wishes through the Japan-U.S. summit planned for late-September and other events.

17) U.S. State Department: "No renegotiations" on Futenma

MAINICHI (Page 3) (Full)
September 2, 2009

(North America bureau)

Following the Democratic Party of Japan's (DPJ) victory in Sunday's House of Representatives election, U.S. State Department Spokesman Kelly stated on renegotiations on the realignment of U.S. Forces Japan, which the DPJ has called for:

"The United States has no intention to renegotiate with the Japanese government on the U.S. Marine Corps' Futenma Air Station relocation plan, as well as on the relocation of (Marines in Okinawa) to Guam."

Regarding the Maritime Self-Defense Force's refueling operations in the Indian Ocean, Kelly said: "Japan has played a crucial role," calling for the continuation of the MSDF's mission.

Kelly's statement appears to have been aimed at seeking to constrain the new Japanese government by stressing the U.S. government's position before the inauguration of a DPJ-led administration.

18) Yomiuri poll: 66 percent say, "The LDP can win back the reins of government," while 19 percent reply, "It cannot"

YOMIURI (Page 2) (Full)
September 2, 2009

According to a telephone-based nationwide spot opinion poll carried out by The Yomiuri Shimbun on Lower House election returns, 66 percent of respondents said that they believe the Liberal Democratic Party (LDP) can win back the reins of government, extensively

topping 19 percent, who said that it would be impossible to do so. The positive reply was given even by 62 percent of Democratic Party of Japan (DPJ) supporters and 61 percent of non-affiliated pollees. It appears that many respondents view that a change of government between the two major parties - the LDP and the DPJ - will occur with the LDP regaining party strength eventually.

As reasons the DPJ has lost a great number of seats, "dissatisfaction with policies and track record" was cited by the largest proportion at 32 percent, followed by "decline in the capability to run the government" at 27 percent, "rejection of the LDP" at 19 percent, and "dissatisfaction with Prime Minister Aso" at 17 PERCENT .

To a question on how pollees expect the LDP to respond to a new DPJ-led administration, the largest proportion of 77 percent said, "The LDP should cooperate with the administration, depending on the details of policies," followed by 14 percent, who said, "It should totally cooperate with the DPJ," and 5 percent who replied, "It should absolutely confront the LDP."

19) Finance Minister Yosano to abstain from G-20: Japan's financial diplomacy to suffer defeat by default

YOMIURI (Page 9) (Full)
September 2, 2009

Finance Minister Kaoru Yosano will not attend the meeting of finance ministers and central bank governors from the Group of Twenty nations (G-20) to be held on September 4-5 in London. Senior Vice Finance Minister Wataru Takeshita will attend the meeting in his place. Japan will face the G-20 without the attendance of its financial chief, although it is true that the timing of the meeting is awkward because it will take place amid the process of the change of government in Japan. The G-20 is a prelude to the financial summit to be held later in the month, a venue where DPJ President Hatoyama will make his debut on the international financial stage. There is a growing view in the market that the DPJ administration's financial diplomacy will fall behind other countries as a result of the absence.

At a press conference on September 1, Yosano cited his health condition as a reason for skipping the G-20. However, it appears that his decision was affected by the fact that even if he attends the meeting, he would not be able to exert influence because he is bound to resign soon due to the inauguration of the Hatoyama administration.

The G-20 this time is a key preparatory meeting for the financial summit to be held in Pittsburgh later this month.

Discussions on such key issues as strengthening regulations to prevent a recurrence of the financial crisis and a revision of the international accounting standards, which depending on the outcome could have a major impact on Japan's financial sector, are expected to be pursued.

The DPJ received a briefing on the G-20 from a senior Finance Ministry official on Sept. 1. However, some ministry officials said that the absence of a minister who is trusted by the international community will have a major impact. Attention is focused on whether Japan can produce sufficient results at the G-20, which will pave

the way for the financial summit.

ROOS